EIR Special Report

Dope, Inc. versus the White House: the Max Fisher scandal

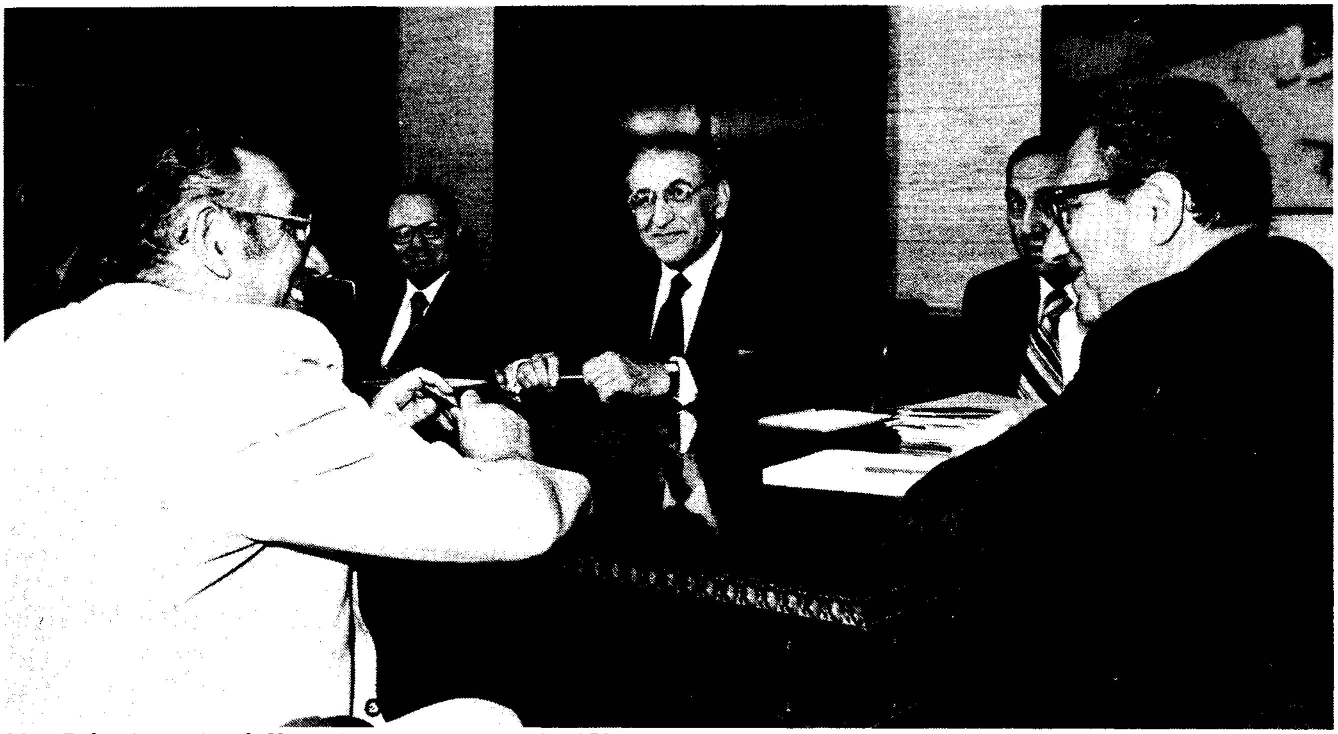
by David Goldman, Economics Editor

President Reagan's Oct. 29 victory over opposition to the sale of advanced radar aircraft to Saudi Arabia concluded one of the most extraordinary episodes in American political history, in which a fairly routine action on behalf of an essential American ally and trading partner nearly foundered upon opposition in the American Congress. As the following materials document, United Brands' Max Fisher, ex-Purple Gang hood and associate of bootleggers and buttonmen, was the center around which the opposition revolved. Recently under attack in the Israeli press for withholding funds raised by American Jewish charities from their destination in Israel, Fisher has been one of the most powerful, and most controversial, figures in the American Zionist movement.

As *EIR* reported last week, the pressure on President Reagan has by no means let up following the AWACS vote. Max Fisher, the chairman of the Republican Party's Jewish Advisory Committee, met with Vice-President George Bush, and then on Nov. 19, the President met with 33 top financial contributors to his campaign who were reportedly seeking "reassurances" that Reagan would not pursue a comprehensive Middle East peace along the lines prescribed by Saudi Crown Prince Fahd, which proposes that Israel and the Palestine Liberation Organization recognize each other's right to exist. These meetings were preparatory to a heavy deployment to the United States in late November by members of the Menachem Begin government of Israel, including Defense Minister Ariel Sharon and, in a last-minute addition, Foreign Minister Yitzhak Shamir.

The threat being communicated by these circles is that if Reagan failed to deliver an "exclusive" U.S. military alliance with Israel, he risks an Israeli invasion of Lebanon and Republican defeat in 1982. Yet, it would be a mistake to identify the current pressures on Reagan as merely, or even principally, Israeli in origin, as Lyndon LaRouche indicates below.

In fact, Sen. Robert Packwood and other leaders of the opposition to the



Max Fisher (center) with Henry Kissinger on Aug. 18, 1975.

AWACS sale to Saudi Arabia acted as Fisher stooges in the recently concluded matter. The White House threw tremendous resources into the fight, with the understanding that not merely the issue at hand, but the President's fundamental ability to make foreign policy, was at risk.

The circumstances that give such power to a private citizen whose public character—despite the occasional laudatory article in the business magazines—can charitably be described as picaresque, are still far from clear.

Max Fisher, command substantial resources though he may, is not a large subject of interest in himself. His rise from leadership in Detroit's Purple Gang during the 1930s to a position of great influence (over former President Jerry Ford, who accepted a directorship at Fisher-associated Charter Oil, among others) raises—or at least should raise—some basic questions about how political and corporate power works in America. In police terms, Max Fisher, like his partner in the ownership of United Brands, Carl Lindner, is a cutout for something far older and nastier than the Detroit underworld.

To investigate the "Max Fisher case," *Executive Intelligence Review* has brought together the members of the team that wrote the 1978 bestseller *Dope, Inc.*, the book that revolutionized drug enforcement by revealing the highest levels of "Britain's Opium War Against the United States."

Collaboratorating in the section on Max Fisher's links to the international drug trade are *Dope, Inc.* co-authors Jeffrey Steinberg and myself. Dennis Small, Latin America desk editor of the *EIR*, who is supervising the Latin American chapters in the second edition of the book, wrote the section below on Fisher and the destruction of Central America. Finally, Lyndon LaRouche, who commissioned *Dope, Inc.* and guided the team of researchers that produced the book, provides an overview of the current conspiracy against the Reagan White House and the President's life.

The East India Company heritage

Since the 1858 Sepoy Rebellion gave a bad name to Britain's East India Company, the Company's sponsors have preferred to spin off the dirtier side of its operations into separable entities which may be disowned when necessary. For Asia, the new incarnation of "John Company," the inheritor of the old Venetian trade network in opium, spices, and slaves, became the 1864-founded Hongkong and Shanghai Bank, still the central bank for the world opium traffic. For Latin America it became the New Orleans and Boston-based United Fruit Company.

The sometimes bewildering change of faces at United Fruit—from the old, odd alliance of New Orleans gangsters and Boston Brahmins of the 1930s to the Max Fisher-Carl Lindner combination now at the helm—does not really disguise a long-term continuity of operations.

It represents a bridge between apparently respectable finance and a ground-level ability to conduct coups d'état, arrange political assassinations, farm and market large quantities of narcotics, and launder the resulting cash flow back into the apparently respectable channels of banking.

The corporate form as such is a "black box" through which the complex requirements of this activity may be brought together. If the line of narrative jumps between Swiss high finance and the gutter of Florida racketeering, it merely follows the actual chain of command.

It also leads into the State Department, for example, in the person of Joseph Sisco, a former operative in the areas of Asian and Mideast policy, whose wife is a UB director.

United Fruit Company's founding at the turn of this century was a transplantation of the Odessa-to-Baltic grain trading interests that, at the height of Venetian mercantile power, came to control the finances of the Ottoman Empire, playing a central role in Russian-Turkish diplomacy. The Venetian Capodistria, who wrote the modern Swiss constitution after the 1814 Vienna Congress in his capacity as Russian foreign minister, established the links between Switzerland and the Eastern European banking families de Comondo, de Hirsch, and de Gunzberg. In 1850 the seat of the Venetian grain trade moved to Switzerland when the Iselin family of Swiss Bank Corporation organized Louis Dreyfus and Company, now the world's number-three grain trader.

The same Iselin family sponsored United Fruit's formation at the turn of the century through Central Trust of New York, the commercial bank which controlled all the rail routes (including the predecessor of the modern Illinois Gulf Central) from New Orleans to the Midwest grain belt. Central Trust board member André Iselin and fellow board member Samuel Untermeyer, the trustifier of the Midwest grain milling industry, reincarnated the old Venetian monopoly over grain trade in the United States. Local New Orleans thugs like Nicholas Zemurray, and Boston shipowning interests who had hauled opium for the East India Company since 1820 (e.g., the Forbes and Cabot interests) merged into United Fruit Co. under Central Trust sponsorship.

Central Trust became, in 1929, Hanover Trust, and in 1968 merged into Manufacturers Hanover Trust.

Despite the long stretch of time, the old relationships are perfectly intact; the former treasurer of old Hanover Trust, Charles Woodruff, still directs the finances of United Brands, the successor organization to United Fruit since 1975.

Woodruff is the only outside director on the board of closely held American Financial Corporation, the Carl Lindner holding company that controls 38 percent of the shares of United Brands. American Financial Corporation, apart from its relationship to the old United Fruit special operations in the Caribbean, is a major capability for laundering of illegal money, including narcotics revenues, in the United States, the successor to the Robert Vescos, Bernie Cornfelds, Stanley Goldblums, and Michele Sindonas of the early 1970s.

An overview

This umbrella shelters virtually every corporate miscreant who has made headlines in the last ten years' worth of financial press. Reliance Corporation's Saul Steinberg is 40 percent Lindner-owned. Meshulim Riklis's Rapid-American Corporation, number one on the Customs Service Watchlist for U.S.-Canadian border violations, the heir to the old Louie Rosenstiel/Schenley's bootlegging empire, is 40 percent Lindner-owned. Corporate asset-stripper Victor Posner, reputed to be a quasi-legitimate frontman for Meyer Lansky interests in the corporate sector, is 10 percent Lindner-owned. Charlie Bluhdorn's Gulf and Western Co., which arranged the purchase of Franklin National Bank by Italian dirty-money specialist Michele Sindona, is 8 percent Lindner-owned. The Jacobs brothers' Sport-Services, denied airport concessions in Atlanta in 1979 because of alleged organized crime connections, and the reputed source of the contract against murdered Arizona reporter Don Bolles, is in a political partnership with Carl Lindner's American Financial Corporation in the state of Ohio. Insurance-company scam specialist turned Justice Department paid informer Joe Hauser was finally bagged on a 1976 attempted multimillion-dollar insurance fraud in cooperation with Carl Lindner's insurance companies, which are widely suspected to using fake insurance policies (on the model of the old Equity Funding Life Insurance Company) as a cover for smuggling drug money.

The questions

Full treatment of the relevant issues would require book length, and will receive such in the 1982-scheduled second edition of *Dope, Inc,* New Benjamin Franklin House, New York. But this Special Report begins to answer a set of questions which nag at every political intelligence specialist in the world: Why can masses of illegal drugs be grown under the nose of the United States in countries nominally friendly to the United States? How can they find their way into American cities? How can $100 billion per year in revenues evade the tax authorities? How can former bootleggers of the Bronfman-Riklis-Jacobs variety turn into some of the most powerful men in corporate America?

The answer, in summary, is that what once was called the Venetian Empire, and then the East India Company, is currently alive and well in the United States.